

ATTACHMENT 1

This amendment is being sought to continue the existing HATS telephone services contract at the same prices with Verizon Hawaii, Inc. for one year. (See Attachment 2 contract renewal letter offering one-year extension) A new contract will not be in place prior to the expiration of the current contract.

Invitation For Bids No. IFB-04-020-SW, To Provide Telephone Services for Hawaii State Government, was developed under the current exemption 03-32J. The IFB was published on the SPO web site on September 16, 2003. Subsequently, a Pre-Bid Conference was held on September 23, 2003; Bidder Questions were received on September 30, 2003; and the State's Response to Written Questions and Summary of Pre-Bid Conference was issued on October 17, 2003. The next steps in the process are for bidders to submit Technical Proposals on October 28, 2003 and Priced Bids on November 18, 2003.

If there is only one bidder, negotiations will commence and it is anticipated that the contract will be awarded on January 20, 2004. After completion of a 90 day installation period and a 30 day acceptance testing period, the estimated contract commencement date will be May 20, 2004. This will be approximately 6.2 months into the 12-month extension period.

If a bidder other than the present contractor wins, it is anticipated that the contract will be awarded on November 25, 2003. However, a longer installation period of between eight and eighteen months will be needed to construct the cabling infrastructure. If the midpoint is used, the estimated contract commencement date will be December 25, 2004. This will be about 1.4 months beyond the 12-month extension period.

While it is not possible to know exactly when the new contract will commence, it is likely to occur within the requested 12-month extension period.

STATE OF HAWAII
REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

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STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Lester Nakamura, Administrator, Information and Communications Services Division
(Department/Division/Agency)

Pursuant to § 103D-102(b)(4), HRS, and Chapter 3-120, HAR, the Department requests a procurement exemption to purchase the following:

Description of goods, services, or construction:	
Furnishing, Delivering, and Installing a State Telecommunications System for the Hawaii State Government (as provided for in CF-95-022-OHMKL).	

Name of Vendor: Verizon Hawaii, Inc.	Cost: Price List
Address: 1177 Bishop Street Honolulu, Hawaii 96813	

Term of Contract: From: November 15, 2002	To: November 14, 2003	Prior Exemption Ref. No. (if applicable)

Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

It will not be practical to issue a competitive bid at this time. The exemption is being sought to continue existing telephone services, with some additional cost, from Verizon Hawaii (the current service provider under contract CF-95-022-OHMKL). It is not anticipated that a new contract will be in place prior to the expiration of the current contract. The nature and complexity of this bid will require an extended preparation period. The ICSD will need to research and prepare new specifications. Also, it is foreseen that the vendors will be permitted a longer response time. Knowing the complexity of the bid, the ICSD has for the past several years requested, but never received, funding for a telecommunications consultant to provide additional technical assistance. The ICSD is seeking funding again in the upcoming fiscal year. In addition to the lack of funds for a consultant, the vacant Telephone Engineer position within the ICSD was not filled immediately due to position redescription and the Executive Branch's freeze on filling vacancies. When the position was finally filled in late summer of 2001, the Telephone Engineer was called to active duty shortly thereafter and still remains on active duty. Without the expertise to develop the specifications for a new bid, a new contract will not be in place prior to the expiration of the current contract. Given the many unknowns it is not possible to give assurances that the contract can be completed in the requested extension period. However, Verizon Hawaii was only able to offer the State the extension period being requested. With the return of the ICSD Telephone Engineer and a telecommunications consultant to assist with the new procurement a competitive bid is expected to be issued.

Details of the process or procedure to be followed in selecting the vendor to ensure maximum fair and open competition as practicable:

None for this exemption request, the vendor is currently providing the service under CF-95-022-OHMKL.

A description of the agency's internal controls and approval requirements for the exempted procurement

None for this exemption request.

A list of agency personnel, by position title, who will be involved in the approval process and administration of the contract:

ICSD Administrator
 ICSD Assistant Administrator
 ICSD Telecommunications Services Branch Chief
 ICSD Telephone Engineer:

Direct questions to: Gwen Nakahara | Phone Number: 586-1930 x015

This exemption should be considered for list of exemptions attached to Chapter 3-120. HAR: Yes No

I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS, TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT.

Mary Alice Evans 10-14-02
 Department Head or Designee Date

 Title (If other than Department Head)

Chief Procurement Officer's Comments:

Approval is granted on the condition that the agency provide every three months, a progress report on the current status with the development of the specifications and new bid for the subject State Telecommunications System.

Please ensure adherence to applicable administrative requirements

APPROVED DISAPPROVED

Adam J. Fyler 10/28/02
 Chief Procurement Officer Date

cc Administrative
 State Procurement Office